

VZCZCXYZ0003  
PP RUEHWEB

DE RUEHRB #0190/01 0641700  
ZNR UUUUU ZZH  
P 051700Z MAR 09  
FM AMEMBASSY RABAT  
TO RUEHC/SECSTATE WASHDC PRIORITY 9769  
INFO RUCNMGH/MAGHREB COLLECTIVE  
RUEHCL/AMCONSUL CASABLANCA 4528

UNCLAS RABAT 000190

SENSITIVE  
SIPDIS

STATE FOR NEA/MAG AND EEB/TPP/BTA (EGAN)  
STATE PASS USTR (BURKHEAD) AND  
CLDP(TEJTEL AND ELKSTOUF)

E.O. 12958: N/A  
TAGS: [ETRD](#) [ECON](#) [EIND](#) [EINV](#) [MO](#)  
SUBJECT: A NEW APPROACH FOR MOROCCAN EXPORTS

REF: A. RABAT 0171  
[1](#)B. RABAT 0119

[1](#)1. (SBU) SUMMARY: A new national export strategy to be unveiled this month seeks to address a key gap in the recent improvement of the Moroccan economy - the continuing lack of competitiveness of Morocco,s export sector. Non-phosphate exports were essentially flat in 2008, and 2009 augurs worse. The international downturn in trade has already impacted traditional Moroccan specialties such as textiles and auto parts. The new approach tackles the issue by integrating export promotion with specific sectoral strategies, while also giving a facelift to the country,s export promotion apparatus. On the front lines in advancing the new strategy is "Maroc Export," the renamed national center to promote exports, whose director recently outlined for us his ambitious attempt to match Moroccan producers with international clients. END SUMMARY.

-----  
NEW LOOK  
-----

[1](#)2. (SBU) A Booz Allen Hamilton study ordered in 2008 by the Ministry of Foreign Trade confirmed what other analysts have long argued: Morocco must enhance its capacity for international product promotion and marketing in order for Moroccan exports to be competitive in the international market. Following the release of the study, Morocco moved to revamp its hitherto "fragmented" approach to export promotion, beefing up its export promotion agency, renaming it "Maroc Export," and entrusting it to a dynamic, young, and U.S.-educated Moroccan diplomat, Saad Benabdallah, a former Economic Counselor in Paris.

[1](#)3. (SBU) The rebranded agency is a key component of a new overall export strategy. As outlined by Minister Maazouz at a conference in Casablanca last week, the government aims to increase non-phosphate Moroccan exports from 20 billion to 26 billion USD over ten years, through aggressive marketing and promotion. The new plan, the Minister stressed, will be integrated with other internal reform efforts already undertaken to diversify export offerings and strengthen Morocco,s hold on niche markets. One of these reform efforts, the National Pact for the Emergence of Industry, was launched on February 13 in Fez. The six year Pact (2009-2015) will allocate 1.4 billion USD to boost the competitiveness of Moroccan businesses through promotion (128 million USD for investments and exports), training (477 million USD for training centers and assistance), infrastructure (193 million USD for industrial zones and integrated industries), investments (341 million USD for assistance and offshoring) and the support of small- and medium-sized businesses (273 millions USD for financing).

14. (SBU) In a recent meeting, Benabdallah outlined the ways in which "Maroc Export" will seek to achieve the Minister's vision. In addition to "rebranding" and modernizing the agency's headquarters, Benabdallah dismissed two-thirds of his staff, and is moving to hire U.S.-educated, English-speaking replacements. If we want to be taken seriously, he noted, we have to look serious and able to meet the demands of any potential buyer and compete with any other country.

-----  
NEW STRATEGY  
-----

15. (SBU) The new Moroccan approach to exports is based on three main principles, Benabdallah explained: promotion, marketing, and institutional communication. Promotion for Maroc Export means getting out and becoming known. Maroc Export has the budget, he observed, to send serious companies interested in reaching out to new markets to trade fairs. Sourcing missions are another way to market the brand overseas. Working with the USAID-sponsored New Business Opportunity Program, for instance, Maroc Export organizes these missions to highlight success stories. Lastly, through institutional communication, Maroc Export will bring buyers, industrials, journalists and anyone interested in doing business to Morocco to get a new picture of today's Morocco.

If we have the product, whether it is leather, textile, or agricultural, Benabdallah asserted, we are willing to do what it takes to get buyers to seriously consider Moroccan products.

-----  
NEW MARKET  
-----

16. (SBU) The GOM officially considers the U.S., along with Russia and Gulf Cooperation Council countries, as "mid-range" potential markets for Moroccan Exports. Benabdallah told us that he has a different vision. The U.S., he argues, must be one of the "strategic" markets for Morocco, along with more traditional export destinations like France, Spain, Germany, Italy and the United Kingdom. Although Moroccan exporters are most comfortable dealing with such traditional partners, he argued there is great promise in the U.S. market and Maroc Export will focus its efforts on reaching out to it. With a new staff that understands U.S. business culture and a new strategy to market Morocco, Benabdallah foresees 3-5 percent annual growth in exports to the U.S. within the next five years. We need to educate people, he observed, about the advantages of the US-Morocco Free Trade Agreement (FTA) and dissipate the fear of exporting to the U.S. If the global economic crisis has taught Morocco anything, Benabdallah asserted, it is that it needs to diversify and that it cannot rely on the same old strategy.

-----  
SAME OLD SKEPTICS  
-----

17. (SBU) Benabdallah's notwithstanding confidence, some observers question whether the new strategy will be enough to significantly increase the volume of outgoing trade. A number of such skeptics voiced their criticism at the conference where Maazouz unveiled the new vision last week. Abdellatif Belmadi, President of the Moroccan Exports Association (Asmaex), agreed that that promoting exports is essential, noting that he proposed a similar plan two years ago. The situation is different now, he argued, and Morocco needs to thoroughly reflect on how the economic crisis is affecting each exporting sector. The GOM's optimistic reports and "preventative" reforms have not sufficiently analyzed the crisis, he added (Reftel B). For Belmadi, in order to have a truly innovative approach, Moroccan exporters must consider the effects the crisis has had on their businesses and recalibrate what they can offer international markets, since they currently do not have the capacity to be

competitive in certain markets, particularly the U.S.

18. (SBU) Other critics, while sharing the view Morocco needs to access new markets, questioned whether the U.S. is the appropriate target. The first step to diversifying Moroccan exporting markets, argued Ambassador Hassan Abouyoub, former Minister of Foreign Trade, is to seize the opportunities available in African markets. Abouyoub suggested that Moroccan exporters should profit from relationships developed by the Moroccan banks and the national airline already working in certain African countries. Richard Newfarmer, Economist and Special Representative to the UN and the World Trade Organization for the World Bank in Geneva, however, suggested that Morocco's export strategy must tap into the Asian market in order to achieve success. "If your export promotion strategy is successful", Newfarmer told Maazouz, "in the next 10 years your street signs will also be written in Mandarin to accommodate your new market."

-----  
NECESSARY CHANGE  
-----

9.(SBU) COMMENT: A new, more integrated approach to promoting exports is a necessity here, given the sector's continuing weakness and the lack of coherence of past promotion efforts. The new effort comes in an uncertain international climate, which is evolving rapidly. Maazouz's vision is likely not the last word on the subject. In particular, forthcoming reports on Morocco's experience with its numerous free trade agreements, which will be released by Morocco's General Confederation of Enterprises (CGEM) in mid-March, will undoubtedly shape the debate. Whatever the final shape of the overall plan, however, Maroc Export's new modern face and access to resources already mark an important shift. END COMMENT.

\*\*\*\*\*  
Visit Embassy Rabat's Classified Website;  
<http://www.state.sgov.gov/p/nea/rabat>  
\*\*\*\*\*

Jackson